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Battle River Rural Electrification Association Ltd.

Application to Operate the Electric Distribution Systems of Battle River, Central Community, Fenn and Fort Rural Electrification Associations Ltd. as a Single Electric Distribution System Designated as Battle River Electrification Association Ltd.

June 17, 2003

Alberta Energy and Utilities Board

Decision 2003-048

104-02510/

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Application No. 1270094

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640 – 5 Avenue SW
Calgary, Alberta
T2P 3G4

Telephone: (403) 297-8311
Fax: (403) 297-7040

Web site: www.eub.gov.ab.ca

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ALBERTA ENERGY AND UTILITIES BOARD
Calgary Alberta

BATTLE RIVER REA LTD.
OPERATE THE ELECTRIC DISTRIBTUION SYSTEM OF BATTLE RIVER, CENTRAL COMMUNITY, FENN, AND FORT REAS AS A SINGLE ELECTRIC DISTIRUBTION SYSTEM DESIGNATED AS BATTLE RIVER REA

Decision No. 2003-048
Application No. 1270094

1 DECISION

After carefully considering all of the evidence prepared and presented by the parties, the Board partially approves Battle River Rural Electrification Association Ltd.'s (Battle River or the Applicant) application to consolidate and operate the existing electric distribution systems of Battle River, Central Community, Fenn, and Fort REAs as a single distribution system designated as Battle River REA. The Board accepts that the consolidation of Battle River, Central Community, and Fort REAs' distribution systems into a single system is in the public interest and that the expanded Battle River service area can be served in a manner that provides for the safe and reliable distribution of electric energy for all interested parties. Therefore the consolidation of the electric distribution systems of Battle River, Central Community, and Fort REAs is approved. However, the Board finds, for the reasons provided in this report that Battle River failed to show that the approval of a cross-border service area would be in the public interest at this time. As such, the applied for change in service area with respect to the Fenn REA is denied. The Board notes, however, that its decision in this regard should not be understood to preclude a future application for a cross-border service area.

2 INTRODUCTION

Battle River filed Application No. 1270094 (the Application) on April 26, 2002, requesting the approval of the Alberta Energy and Utilities Board (Board or EUB) to operate the existing electric distribution systems of Battle River, Central Community, Fort, and Fenn Rural Electrification Associations as a single electric distribution system owned and operated by an amalgamated rural electrification association designated as Battle River Rural Electrification Association pursuant to section 25 of the Hydro and Electric Energy Act (H&EE Act or the Act). The Application arises from an amalgamation approval issued by the Director of Rural Electrification Associations (the Director) under section 17 of the Rural Utilities Regulation, AR 151/2000.

In its application and supporting materials filed with the Board, Battle River raised a question with respect to the nature of the Board's authority to consider the application. The Board determined that a staged hearing process would be the most appropriate way to address the issues raised by the application. The first stage of the hearing occurred in Red Deer on December 11, 2002, before G. Miller, (Presiding Board Member), T. M. McGee (Board Member), and J. Gilmour (Acting Board Member) and in Decision 2003-007, the Board determined that it did have the jurisdiction to hear the application. The second stage of the hearing, to consider the application proper, took place in Red Deer on February 24 to 26, 2003 before the same division.

2.1 The Board's Jurisdiction

It is the Board's view that Alberta's current regulatory scheme provides for the existence of multiple operators of electric distribution systems. This is specifically recognized in section 3(1) of the Rural Utilities Act (RU Act) which states: "ten or more persons who desire to be associated together in a co-operative association with the principle object of supplying electricity to its members may apply to be incorporated under this Act."

The authority for an REA's operation of an electric distribution system is recognized in the PUB Act, the H&EE Act and in subsection 1(aa) of the Electric Utilities Act, (EU Act) which states:

> "service area" means the area determined under the Hydro and Electric Energy Act in which
>
> (i) the owner of an electric distribution system may distribute electricity, or
> (ii) a rural electrification association may distribute electricity to its members

While the Board acknowledges that REAs are exempt from its rate-making provisions found in the EUA, it believes that it clearly has the regulatory authority to determine applications that relate to the economic, orderly and efficient construction and operation of an electric distribution system. The following passage from Decision 2003-007 reflects this view:

> It is the Board's understanding that the RU Act and Regulations relate solely to the administration of rural utilities, including rural electrification associations, but not to the facilities operated by rural utilities. The Board further notes that neither the RU Act nor its Regulations address the issues of safety and reliability, or the economic, orderly and efficient operation of electric distribution systems. In the Board's view, the regulation of these functions has been exclusively reserved to the EUB via the H&EE Act. The Board finds support for this position throughout the H&EE Act. Specifically, the Board notes that subsection 25(1) expressly states that regardless of any other legislation, it is the EUB that determines the construction and operation of an EDS or whether a service area may be altered.

3 ISSUES CONSIDERED AT THE STAGE TWO HEARING

The Board considered five factors in its determination of whether it is in the public interest to allow the four independent electrical distribution systems operated by Battle River, Central Community, Fenn and Fort REAs to be operated as a single distribution system by the amalgamated Battle River REA. The five factors were:

1. safety impacts;
2. operator/reliability impacts;
3. planning impacts;
4. load settlement; and
5. customer cost impacts.

4 BACKGROUND

In rural Alberta, service areas for electric distribution systems have been assigned to two investor owned utilities (IOUs), ATCO Electric Ltd. (ATCO) and Aquila Networks Canada (Alberta) Ltd. (Aquila).[1] The service areas of all Alberta REAs are superimposed upon these larger utility service areas. Consequently, all REAs are located in a service area belonging to either ATCO or Aquila. With respect to this application, the Battle River, Central Community and Fort REAs are located within Aquila's service area, whereas the Fenn REA is located within ATCO's service area.

Both ATCO and Aquila are fully regulated by the Board pursuant to the Public Utilities Board Act, the EU Act and the H&EE Act. While the REAs are also governed by the above legislation, they are subject to additional regulation by the Director of Rural Utilities pursuant to the Rural Utilities Act.

The relationship between the individual REAs and ATCO or Aquila is governed by private agreements between the REAs and IOU within whose service area they operate within. Prior to 1997, these agreements did not contemplate the operation of REA owned distribution systems by the REAs. In 1997, however, these agreements were amended to provide the REAs with an option to operate their own distribution system. Since 1997, a number of REAs, including Battle River, have exercised this option and are now operating their respective electric distribution systems. Battle River REA has operated its own electrical distribution system since 1997. Battle River is composed of 18 formerly independent REAs, which in a series of amalgamations beginning in 1997 have joined together to form a single REA. (See Figures 1 and 2)

5 SAFETY IMPACTS

5.1 Friends of the Board

Representatives of Safety Services and the Safety Codes Council of the Public Safety Division of Municipal Affairs appeared at the hearing as "Friends of the Board" to present evidence on provincial standards and requirements for electric distribution systems. They indicated that the Minister of Municipal Affairs is charged, through legislation, with the administration of the Safety Codes Act.

These witnesses indicated that utilities can become accredited as operating to certain standards, but noted that the accreditation process is voluntary. They stated that each accredited utility is charged with developing a Quality Management Plant (QMP), which must contain certain elements and minimum requirements as set, by the Technical Council, a subgroup of the Safety Codes Council. Safety Services then audits each QMP for adherence to the requirements. Each QMP would also contain operations and standards specific to the utility. These witnesses testified that the Safety Codes Officer (SCO) then may visit the utility and usually would visit a work site to get an idea of the work being performed by the utility crews. However, they noted, that SCOs do not assess distribution systems on a pole-to-pole basis. After the SCO has audited a utility, the audit report goes to the Safety Codes Council. In the case of a poor audit, the utility is encouraged to work closer with the SCO to bring their system more in line with the standards. The Representatives indicated that where severe safety issues exist the utility could lose it

[1] Municipalities in Alberta may also own and operate electric distribution systems.

accreditation if it is not willing to work with the SCO to upgrade the system. However, the representatives further indicated that there is really no downside to losing accreditation. Since accreditation is voluntary, the utility can continue to operate without any consequences of losing its accreditation.

The representatives testified that it was possible to have two different operators working on the same system with two different operating and safety procedures as long as each meets the minimum requirements. They further testified that interconnections between operators was outside of the Safety Codes Act. They indicated that in the case of overlapping service areas, communication and terminology was key to safe and efficient operations between the two operators.

5.2 Views of Battle River REA

Battle River said that it was requesting approval to consolidate the service areas of the existing Central Community, Fenn, and Fort REAs into the existing Battle River service area. It said that it did not just decide to amalgamate without intense investigation of the facts. Battle River stated that it was not only capable of operating the consolidated REA but also capable of supplying excellent service.

Battle River took the position that the "patchwork quilt" electrical system that the IOUs talked about was caused by those same utilities. It was of the opinion that the patchwork quilt was a result of the buying portions of the REA's original lines for services rendered, and the portions that were taken were usually the most strategic ones. So now, Battle River argued the REAs were left with small segments of REA system connected to the main system owned by ATCO or Aquila.

Battle River was of the opinion that there were ways to easily identify line ownership. Battle River testified that it had worked with Aquila in its present service area to identify lines through mapping. Battle River stated that there were ownership maps and the individual facilities were tagged with unique numbering systems with identified ownership. It testified that all the feeds, excepting the independent power producers (IPPs), come from the Utilities. The REA took the view that the system is not very complicated since all the feeds are under the Utilities' control and all area lines are fed off of the Utility feeds. All of the feeds that feed out to the REA lines are identified and they have switching or isolating capabilities at those points. The REA noted that Ontario Hydro provides standards, training facilities, and safety programs and assists the smaller utilities with whatever they need. Battle River suggested that a similar approach be taken by the Utilities in Alberta.

Battle River stated that it was committed to ensuring safety as an integral part of its business operations. It further stated that it sees two operators as a non-issue providing that the expectations are well laid out. It explained that the expectations should include policies, procedures, roles, responsibilities, and training. Battle River opined that the electrical distribution business is a dangerous business since the operator must manage a dangerous product where mistakes may result in injury or even death, sometimes to the public, but primarily to field workers. Battle River stated that construction standards and safe work practices are designed to reduce the risk but if field workers do not follow those practices and procedures through either lack of training or compliance, then those procedures have no effect. It was Battle River's opinion that the most likely area of risk in operating electric distribution systems was

that of the field workers not following the accepted practices, procedures, and legislated requirements.

Battle River stated that field workers are trained and required to follow the safe work procedures as contained in the Alberta Electrical and Communication Utility Code (ECUC Code). Battle River provided evidence to show that there are 34 sections of the ECUC code that deal specifically with procedures to be used on any interfaces or interconnection points in multiple owner wire service areas.

Battle River stated that the distribution system in its area, albeit owned by two separate operators was quite simple. Using Fenn REA as an example, it stated that although ATCO claims 67 interface points between itself and Fenn REA there are actually only 12 points where the two systems connect with each other and the other 55 points are customer taps which would exist in any case. In response to ATCO's claim of unique operating experience in Fenn, Battle River argued that there was no reason why ATCO could not share its knowledge nor why Battle River would be unable to able to use it. Battle River expressed confidence that it could operate safely in ATCO's service area. To overcome the concerns expressed by ATCO, Battle River suggested that it could assign a specific crew to work in Fenn, assign operator in charge duties to employees who have ATCO experience, and ensure that certain trucks carry equipment specific to the Fenn system.

Battle River believed that the two biggest stumbling blocks to being able to work safely and efficiently in Fenn were communication between itself and ATCO and the lack of common maps of the area system.

5.3 Views of AFREA

AFREA testified that it had initiated a first-class safety and loss control program for all of its member REAs. It said that the program would be instituted in stages. The first stage would be a quality assurance program that would ensure that any equipment or materials purchased and/or installed would meet industry standards. AFREA stated that this stage would also include a process for hiring contractors and provide check documents to ensure that the contractors perform the work in a proper manner. AFREA further stated that the second segment would consist of a worker health and safety program that would ensure that all REAs were consistent with the legislation under the Occupational Health and Safety Act.

AFREA took the position that rural electric distribution systems are very simplistic and should not cause problems with switching, isolating, or worker safety. However, it did reiterate that it would require both parties to cooperate with one another. AFREA stated that although there is an operator in charge of the full system, the final call is made by the man in the field. AFREA pointed out that Alberta is the only province with its own electrical safety code that improves on the national safety code used by all other provinces.

5.4 Views of the Federation of Alberta Gas Co-ops

FedGas was of the opinion that the evidence provided by the IOUs raised no tangible significant concerns with respect to Battle River's ability to operate the combined service area. On the other hand, FedGas opined that Battle River provided sufficient evidence to show that it had operated safely and efficiently in its present service area and, therefore, FedGas saw no reason why Battle River could not adequately operate the combined service areas.

5.5 Views of the Anderson Group

The Anderson Group argued that the introduction of multiple operators into the Fenn REA service area would give rise to a system that is more complicated and less likely to operate in the seamless fashion that had historically been the case when managed by a single entity. The Anderson Group suggested that service and safety would suffer as a result of this change.

The Anderson Group questioned whether Battle River possessed the communication skills necessary to coordinate its system with Aquila and ATCO. It argued that if its approach to communication with the IOUs mirrored that which it adopted when communicating the December amalgamation meeting to the Fenn REA members, then it was concerned that its communication would be ineffective.

As a result of the events surrounding the amalgamation process in Fenn, the Anderson Group expressed doubt as to the competency of Battle River to effectively operate the system or to meet the minimum safety and operational standards.

5.6 Views of ATCO

ATCO suggested that the applicant had downplayed the safety implications of the consolidation. It stated that those in favor of the consolidation could only provide qualified assurances with respect to the safety of the current overlapping system and stressed that those assurances were contingent on significant cooperation between the REA and the IOU. ATCO contended that the necessary cooperation, communication and coordination does not currently exist between IOUs and REAs and suggested that the level of safety in two-operator scenarios was not satisfactory.

ATCO pointed out that it does not currently have an Operating Agreement with Battle River and noted that they had not yet agreed on significant operating differences between the two entities. Those differences included switching and tagging practices, the role of two operators in charge, the procedures for notification regarding workers near a working site, switch numbering, and notification and penalties with respect to planned outages. ATCO argued that approval of the application in the absence of a binding agreement on these matters would not be in the public interest.

ATCO pointed out that there continues to be problems experienced as a result of the multiple operator system. ATCO referred to incidents cited by Aquila in its evidence. ATCO contended that these incidents were being experienced at the field level and were not restricted, as suggested by the REA to management disagreements. In that regard, ATCO pointed out that Battle River's own internal audits indicated that considerable work remains to be done to improve its safety practices.

ATCO disagreed with Battle River's contention that the current system was relatively "simple" and that any additional complexity occasioned by a two-operator system could be easily overcome. ATCO stated that this position was inconsistent with the REA's own evidence about increased complexity in the system.

ATCO stated that the Utility Code was not designed to address issues raised in a multiple operator or cross-border situation. As such, ATCO argued, it is inappropriate for Battle River to suggest that compliance with the Code will ensure safe operations.

ATCO disagreed with Battle River's comparison of multiple operator or cross-border systems to the use of contractors. It stated that contractors work for a utility under the direct supervision of a utility operator-in-charge whereas in a multiple operator situation, each operator has a person in charge who must coordinate with the other to ensure that the proper protocols are followed.

5.7 Views of Aquila

It was Aquila's submission that having two wire operators operating highly interconnected and overlapping systems leads to safety concerns. Aquila stated that despite the existence of safety agreements and procedures between Aquila and Battle River, safety concerns continue to arise. It stated that an expansion of Battle River's current service area either within or outside of Aquila's service area would magnify these concerns.

While Aquila acknowledged that the relationship between it and Battle River was governed by numerous written agreements and documents, it stated that those agreements had not eliminated the safety problems described in its submission. Aquila submitted that in August 2002, the REA Issues Task Force requested details of situations where safety had been compromised in dealings with operating REAs. Aquila stated that the identified safety concerns included:

- Incidents of improper switching and brushing,
- Incidents of incorrect determination of equipment ownership and/or the equipment or status of energization, and
- Incidents of installation and commissioning of new facilities on power poles owned by another operator without notification of that operator.

Aquila also identified a number of potential safety hazards or operating concerns associated with a multiple operator system. Aquila noted that with multiple operator systems there is considerable potential for differing safety practices that endanger employees and customers and affect system reliability. Further, Aquila suggested that, given the shifting responsibility for wires, increased hazards may occur when high loads are being moved down a highway.

Aquila argued that the Safety Code was not designed for a two-operator system and thus compliance with the Code in a two-operator system would not guarantee safe operations.

Aquila contended that the number and nature of reported incidents clearly indicated that there are legitimate safety concerns associated with a multiple operator system, including the working relationship between the Battle River REA and Aquila. Aquila pointed out that while operating REAs did progress in their operating skills, that progression generally reached a plateau short of optimum cooperation and communication. Despite this advancement of REA operating skills, Aquila stated that it continued to experience safety issues with operating REAs within its service area.

Aquila stated that it was not challenging Battle River's commitment to safety or its ability to operate its system. Rather, Aquila contended, it was the nature of the multiple operator system that it was concerned with. Aquila argued that no consideration should be given to future amalgamation applications until it can be demonstrated that the ongoing efforts of the REAs and the Utilities have successfully mitigated the inherently dangerous effects of two operators in charge of one area.

5.8 Views of the Board

One of the difficulties experienced by the Board when considering the record of this proceeding was that a significant portion of the evidence provided related to general concerns with respect to multiple operator systems and not to specific safety incidents that occurred on the joint Aquila/Battle River system. While the Board appreciates that many of the safety concerns/incidents raised by Aquila applied to Battle River, it is of the view that descriptions of specific safety incidents that occurred in the joint Aquila Battle River system would have been much more helpful to the Board in its deliberations.

The Board notes that ATCO's experience with Battle River has, to date, been limited to their negotiations with respect to their prospective operating agreement. Despite this limitation, the Board found that the safety evidence presented by ATCO was effective in demonstrating that multiple operator systems are more complex than single operator systems, and that in order to effectively reduce the inherent risk in such a system, significant cooperation is required. Of further interest to the Board was ATCO's evidence about the differences in equipment and operating systems between ATCO, Battle River and REA. The Board concluded from this evidence that the safe operation of a cross-border service area would require Battle River to know and understand three separate operating processes relating to three different systems.

As the Board understands it, the safety of the joint Battle River-Aquila distribution system is addressed to varying degrees by the Safety Codes Act, the ECUC, the parties' 1997 Master Agreement and its associated sub-agreements, and by various other cooperative initiatives between the parties. Further, it is the Board's understanding that Battle River has gone to some length to establish a comprehensive internal policy to develop a safe and reliable system that protects the interests of those operating the system, including service personnel employed by Aquila as well as the general public who depend on its continued operation. The Board notes, in that regard, that Battle River voluntarily undergoes a regular audit of its operations and has a mechanism in place to ensure that any identified shortcomings or concerns are addressed. Further, the Board acknowledges that AFREA has commissioned a safety and loss control program to assist all Alberta REAs in the development of their safety programs. While the Board recognizes that the positive effects of the Federation's initiative may not be appreciated for some time, it is of the view that this program will further enhance the safety of REA operated systems.

In the Board's views, there are sufficient safeguards in place, as described above, to ensure that that the current Battle River system, (including the Central Community and Fort REAs), is being managed so as to ensure the safety of Battle River's employees, Aquila's employees, and the public at large. This view, the Board believes is consistent with the evidence of the Safety Codes Council Panel who indicated that the current Battle River/Aquila system is being operated safely and in accordance with Provincial standards. The Board is of the view, however, that safety of the jointly operated Aquila/Battle River system is capable of further enhancement. While the Board notes that these parties have taken some positive steps to improve cooperation, it is of the

view that further coordination with respect to mapping and identification of assets would be beneficial to both parties. This position, the Board believes is also consistent with the evidence of the Safety Codes witnesses who stressed the importance of communication and the identification of switches and hardware.

In that regard, the Board expects the following:

- Both Battle River and Aquila acknowledged the necessity of working from up-to-date maps identifying asset ownership. The Board is of the view that both parties should ensure that these map exchanges continue to occur on a regular basis. The Board therefore directs the parties to facilitate regular map exchanges at an interval to be agreed upon by both parties. Such exchanges would also address the issue of major changes that occur between mapping exchanges; and
- Battle River shall confirm that it, in conjunction with Aquila, has developed and implemented a mutually acceptable method of marking assets where both parties have equipment in the same vicinity.

The Board is aware that fulfillment of the above expectations requires Battle River to work closely with Aquila. In the Board's view such cooperation is necessary in order to optimize the operation of their jointly managed system. The Board expects that Aquila and Battle River will work diligently to ensure a more cooperative environment.

With respect to the cross-border aspect of the application, the Board is of the view that this will add an additional layer of complexity to the Battle River system. The Board is concerned that the REA linemen would be required to know and operate three different types of equipment and understand three separate operating/service procedures. The Board's concerns are heightened by the fact that Battle River has no experience operating within ATCO's service area and that they do not yet have an operating agreement/relationship.

As stated earlier, all the parties, including the safety codes witnesses, emphasized the importance of communication and cooperation amongst operators of a joint system. While the Board accepts the Safety Codes witnesses assertion that a cross-border service can be managed safely, it is not convinced that the existing relationship between Battle River and the IOUs is sufficiently refined to allow for the introduction of an additional layer of complexity and risk into a distribution system that is admittedly more complex than those operated elsewhere. In the Board's view, it cannot be assured that the of risk associated with the addition of another set of operating protocols and equipment can be effectively managed by Battle River at this time given the ongoing communication concerns experienced by the parties. Prior to any further consideration of a cross-border service area, the Board requires an opportunity to assess the effectiveness of the joint mapping and marking initiatives for the further enhancement of the joint Aquila-Battle River system as well as the other initiatives discussed in Section 10 of this decision.

6 OPERATOR/RELIABILITY IMPACTS

6.1 Views of Battle River REA

Battle River stated that there would be times that two operators were required to respond to an outage, but noted that such occurrences would become less with experience and the only real negative consequence was one of inefficiency. On the other hand, Battle River pointed out that with two sets of eyes looking for the problem, the time to find and resolve the problem could be shortened.

The REA was of the opinion that customer confusion is not an issue. It stated that when Battle River amalgamates with another REA, it contacts all the members of that REA and then sends out monthly bills identifying Battle River as the service provider to all of its customers so that confusion should not occur.

Battle River testified that some of the operational incidents cited by Aquila as representative of operational problems in a shared service area have never occurred in its service area. It pointed out that there is an important distinction between operational problems that result in safety issues and those that merely result in inconvenience or inefficiency.

Battle River pointed out that it had made progress in buying back lines from Aquila in order to consolidate its system. However, it further pointed out that financial restrictions determined how much line could be bought at any given time.

Battle River questioned whether outage restoration priorities should be different between utilities as suggested by ATCO. Battle River testified that it gives priority first to critical customers based on health concerns, second to number of customers affected, and third to individual customers.

Battle River supplied evidence to show that the response time from when it was notified of an outage until it arrived on site was one hour for an Aquila customer and one hour and 22 minutes for a Battle River customer. The reason the REA gave that its response time to Aquila customers was less than its own was that in many cases, Aquila had already identified the problem when it notified Battle River. It also supplied evidence to show that the average outage time for a Battle River customer when Aquila owns the switching equipment is 2.25 hours compared to 1.59 hours for Aquila customers when Battle River owns the switching equipment. Battle River noted that there was no comparable evidence provided by the IOUs.

Battle River's position was that although there were operational difficulties initially, the situation had improved and should continue to do so through Battle River's commitment to continuous improvement.

6.2 Views of AFREA

AFREA commented that its programs were meant to supplement and augment the REA processes, not to replace them. AFREA stated that REAs objectives with regard to distribution planning is to deliver constant voltage and frequency at specified levels to each of their customers. AFREA pointed out the potential for good rural distribution system planning with the input of the REAs from the common sense approach to planning used by rural wire owners. AFREA offered that differences and shortcomings in REA system maps are due to software

compatibility, software cost, and the scale of IOU software programming as compared to that available to the REAs. AFREA suggested that for the EUB to direct the REAs producing maps to the same scale and detail, as the IOUs would be neither fair nor reasonable.

AFREA suggested that disputes about ownership of assets, mapping, and the exchange of planning information were now at a business level between the respective wire owners and those matters are dealt with in the agreement between the two.

6.3 Views of the Federation of Alberta Gas Co-ops

FedGas believes that large and small utilities in the same industry can work together and plan a system that works to provide safe and reliable service at the least cost to customers. FedGas was of the opinion that the IOUs concerns with respect to operational and reliability issues arising from the consolidation of the service areas were based on speculation. FedGas further opined that the difficulties raised by the IOUs could be solved by communication and cooperation.

6.4 Views of ATCO

It was ATCO's view that approval of the application would result in a system that is less reliable and more difficult to manage than a single-operator system. ATCO suggested that it is likely that the operators of the system will have differing maintenance and outage priorities that could result in conflicts that negatively impact overall service to the public. ATCO noted that its equipment and construction and operating standards are different from those used by Aquila. It argued that if the application is approved the Applicant's linemen must be familiar with the standards and equipment used by ATCO, Aquila, and the REA. It suggested that this added another level of complexity to the operation of the system and increased the risk that safety and customer service would be negatively impacted.

ATCO contended that the existence of two operators in an overlapping service area would result in additional customer costs and delays. It suggested that in the event of an outage, crews from both operators may be dispatched to address the problem. ATCO stated that it has experienced such problems in its service area that overlaps with Manning REA.

ATCO suggested that the approval of a multiple operator system may also give rise to customer confusion. It suggested that customers would be unsure whom to contact in the event of an emergency, which, in turn, could also lead to unnecessary delays or outages.

6.5 Views of Aquila

In addition to its concerns about safety, Aquila stated that a multiple operator system creates reliability and operational difficulties as well. Aquila stated that line outages on the interconnected system would lead to duplication of manpower and effort to repair simple faults and may result in additional delays to customers. Further, Aquila argued, the multiple operator system results in confusion for customers in that they are uncertain who to contact. Aquila stated that Battle River had not proposed any specific actions to alleviate concerns and confusion amongst customers although it had previously acknowledged to the Director of Rural Utilities, that this was a problem.

Aquila disagreed with the REA's characterization of the necessary manpower duplication as a benefit to customers. Aquila stated that this arrangement would require two sets of personnel and

two sets of equipment and also requires additional coordination time. Aquila suggested that if the Board were convinced by this position then it would, by implication, require single operators to double their staff for those areas not covered by two sets of eyes.

6.6 Views of the Board

While the Board recognizes that some duplication is inherent in a multiple operator system, it is not convinced that the joint operation of the current Aquila/Battle River system has resulted in undue reliability or operational problems. The Board is satisfied that Battle River has demonstrated that it can operate its system in a safe, reliable manner in accordance with the applicable provincial standards.

In the Board's view, concerns such as work/maintenance prioritization, differing equipment/operational processes, and delays related to duplication of personnel can be mitigated by adherence to provincial safety/operational standards, as outlined in the ECUC, and by a greater level of cooperation between Aquila and Battle River at all levels of the two organizations.

In the Board's view, the fulfillment of the conditions detailed in section 5 would assist in creating the cooperative environment necessary for the efficient operation of a joint system. However, the Board is of the view that significant cooperation between Aquila and Battle River would be necessary to achieve optimum efficiency in the operation of the joint system.

With respect to customer confusion, the Board is satisfied that this has arisen partly as a result of the nature of the REAs consolidation process. The Board understands that REA customers in the Fort, Central Communities, and Fenn areas could be confused about who is currently operating their respective distribution systems given the various approvals necessary to complete the amalgamation. The Board is confident that this confusion will be resolved following the issuance of this decision and expects that the operators of the involved distribution systems will provide their customers with clear, timely information in this regard.

With respect to the cross-border aspect of the application, the Board has concerns similar to those expressed with respect to the safety impacts associated with a cross border service area. Again, the Board considers that the primary implication of cross-border operations is the addition of an additional layer of complexity to the operations of the REA. As noted above, the Board would like an opportunity to gauge the effectiveness of the expectations imposed in the partial approval prior to considering any future applications for a cross border service area.

7 PLANNING AND LOAD SETTLEMENT

7.1 Views of Battle River REA

Battle River contended that the minimum engineering and planning standards legislated by the Provincial Government are designed to develop a safe and reliable electric distribution system. The REA's position was that, since all operators are legislatively obliged to at least meet these standards, proper planning of the system can be done, effectively, meeting and exceeding required standards in concert with the IOUs. Battle River stated that none of the parties wanted an unreliable system, therefore, long-term reliability and accountability were motivators for the

REA to scrutinize its system requirements and wanted better control of its assets. Battle River argued that knowing local circumstances puts it in a good position to do effective planning and to share its knowledge with the IOUs since all parties need to share information for proper planning to take place.

With regard to Load Settlement, Battle River stated that this had proven to be a thorny issue for all stakeholders in the electrical industry because:

- it has a direct impact on all consumers,
- it creates certain costs,
- it is one of the prices paid for restructuring the industry, and
- its form is being reconsidered.

The REA submitted that the structure of the Load Settlement system provided that agents and retailers have to deal with multiple parties. Those problems, the Applicant suggested, are not unique to operating REAs but they do create additional communication requirements for a business function whose mechanisms are inherently complex. Battle River said that it understood that load settlement agents have the burden to develop data mechanisms that would provide accurate Load Settlement. The difficulties that Battle River and Aquila have had, in the REA's view, represented a good example of how two owners can manage to work through a complex business function that had a direct impact on consumers. Battle River noted that the proposed 2003 contracts contained provisions for managing Load Settlement between the parties.

7.2 Views of the Federation of Alberta Gas Co-ops

FedGas submitted that Load Settlement was a non-issue and, furthermore, the process of Load Settlement is not complicated. FedGas submitted that there was no suggestion in the evidence that Battle River had not supplied the information to Aquila on time and in the format required. FedGas suggested that if a problem exists, it appears to be on Aquila's part through its unwillingness to incorporate a relationship with the REAs in its contract and its tariff. It further suggested that problems could be resolved with further communication and cooperation. FedGas concluded that Load Settlement is a work in progress and any current problems were irrelevant to predicting how consolidation may impact settlement under the proposed new settlement code.

7.3 Views of ATCO

ATCO argued that the approval of a multiple operator system would introduce unnecessary complexity to system planning. It suggested that effective planning requires an understanding of the load and capacity changes predicted for the entire system. It suggested that in the absence of integrated planning, errors due to incomplete data would result in increased service problems or the unnecessary construction of facilities.

ATCO contended that issues such as planning take on an added degree of complexity in a two-operator system, resulting in duplication of efforts, increased costs, and inefficiencies in operations. ATCO stated that these problems would be further amplified in a cross-border situation.

ATCO contended that load settlement becomes more confusing and time consuming as procedures not consistent amongst load settlement agents may lead to increased conflict and increased costs for customers. ATCO pointed out that Aquila was the Load Settlement Agent (LSA) for Battle River while ATCO was the LSA for Fenn. It stated that each company has developed a different approach in handling load settlement and system access functions with respect to REAs. It stated that if the application were approved, the amalgamated REA would be required to deal with two LSAs, introducing additional, unnecessary complexity to this area. ATCO stated that it is currently in a load settlement dispute with an operating REA within its service territory and feels that these problems would be exacerbated in a cross-border situation.

7.4 Views of Aquila

Aquila stated that the multiple operator system also had a detrimental affect on system planning. It stated that because each party must plan their own system and add their own sections of line, it was difficult to accurately plan optimal system development when neither party fully understands the entire system. Aquila noted that an exchange of information to facilitate improved mapping and facility information was considered by Aquila and REAs operating in its service area, but that this initiative was difficult to implement because of differing mapping systems. Aquila stated that it had been providing information to the operating REAs. However, it indicated that it had received only sporadic information in return.

Aquila also argued that the issues of load settlement and billing are also impacted by a multiple operator system. It stated that the accuracy and timeliness of load settlement have suffered as a result of the introduction of unnecessary complexity into the system. This was a direct result of having meter data management and load settlement functions performed by two separate entities. This problem, Aquila suggested, would be exacerbated in a cross-border situation. Aquila argued that even if, as suggested by the REAs, a single LSA for the Province was established, the concerns relating to meter reading and billing would remain. Aquila noted that the REAs and the Federation have acknowledged that meter data and billing are legitimate concerns as they have filed with the Board a request for approval to negotiate a settlement with respect to these matters.

Aquila also pointed out that these problems were made worse by the fact that its relationship with operating REAs continued to be governed by the 1997 contracts, which do not reflect regulatory changes introduced by the EU Act after January 1, 2001.

7.5 Views of the Board

The Board notes that there was little specific planning evidence provided at the hearing. It recognizes that when dealing with a distribution system, planning is largely dependent upon the location of customers resulting in, where there are two operators in the same area, a patchwork quilt type of arrangement. Given that the operating regime in Alberta allows for two operators, the Board sees no way of avoiding this type of system. Even if the REAs consolidate their system through purchasing back portions of line, there is the potential for a non-REA customer to require service from an REA owned section of line. Being cognizant of the existing situation, the Board expects REAs and the respective IOU to work closely together to plan the local distribution systems as efficiently as possible.

The Board notes that the Load Settlement process is collectively performed by LSAs, Wire Services Providers (WSPs) and Meter Data Managers (MDMs). In cases where the separate functions are performed by different business entities, the roles and responsibilities of functional units are defined in the Settlement System Code (the Code) established by the Power Pool Council under the provisions of the Roles, Relationships and Responsibility Regulations of the Electric Utilities Act EU Act. The development of the Code is a complex process and is still a work-in-progress. The structure of the load settlement process is not directly within the Board's jurisdiction and therefore the Board cannot comment on the suggestion whether or not a single LSA in the Province would be appropriate. However, the Board has jurisdiction in setting the Terms and Conditions for transactions between Aquila and the REAs. The Board is aware that negotiation is in progress between Aquila and the REAs attempting to settle issues related to meter data and billing. The Board has yet to consider the outcome of the negotiation but will do so when Aquila submits its proposed Terms and Conditions between itself and the REAs in its next tariff proceeding.

Should the Board approve the cross-border aspect of the application, a new LSA, ATCO electric, would be introduced into the load Settlement process for Battle River REA. The Board believes that it would further compound the complexity of the current issues with respect to load settlement.

8 CUSTOMER COST IMPACTS

8.1 Views of Battle River REA

The REA recognized that for customers, such as the Anderson Group, the "bottom line" is all they really care about. The REA stated that long and short-term concerns over customer costs prompted it to take more control over its assets and get into the distribution business. The REA said that it shared the concerns of the Anderson Group over cost and its frustration with understanding electric bills, but it had a different view on the Group's desire to leave the cooperative and take their equity out.

Battle River said that the comparison of a Battle River bill with an ATCO bill as used by the Anderson Group was inappropriate because the sample ATCO bill included charges that did not apply to Fenn Customers. It further said that the ATCO bill included charges that are a function of energy markets and retailers and, therefore, are independent of an application to combine distribution systems. Furthermore, the REA said that the Battle River bill submitted by the Anderson Group contained an Aquila 2000 Deferral Account charge, which is only applicable to customers who purchased energy from Utilicorp during the year 2000 which Fenn members did not. For those reasons, Battle River submitted that the Anderson Group's cost arguments be rejected.

Battle River stated that ATCO's argument that it would be subject to stranded costs if a second operator is allowed into Fenn should be rejected. Battle River stated that during cross-examination, ATCO admitted that there are no capital stranded costs. Battle River further stated that ATCO acknowledged that stranded costs were the total operational and maintenance costs incurred in the Fenn area and since it would not be reducing staff, that cost would be borne by all of its other customers. Battle River submitted that ATCO's decision to maintain its level of staff,

trucks, and equipment in light of declining load was a business decision and should not affect the decision of this application.

8.2 Views of the Federation of Alberta Gas Co-ops

FedGas submitted that there was no reliable evidence provided that customers would be negatively impacted with respect to costs by approval of the combined service areas. However, FedGas submitted, it is clear that the REAs operate at cost unlike the for-profit shareholder-owned IOUs.

FedGas stated that the Anderson Group's bill comparison was misleading since it contained charges that would never apply to Fenn customers. Furthermore, FedGas contended that neither the Anderson Group nor ATCO could confirm the actual charges nor the year for which they would be applicable.

FedGas maintained that Aquila's approach of assuming there would be injuries, delays, or duplicated resources which could not be specifically identified and quantified was speculative and without substance. FedGas further maintained that ATCO's suggestion that a second operator in Fenn could strand costs of $50,000 without supporting evidence was just as speculative and without substance.

8.3 Views of the Anderson Group

The Anderson Group stated that its primary concern is the 'bottom line' for energy costs. While the Group recognized that its electric bill consisted of a number of different charges related to the transmission, distribution and retail functions, its desire was to pay the least amount of costs for the electricity it used. It stated that based on the evidence provided at the proceeding, the overall charges from ATCO are less than those charged by Battle River. The Anderson group argued that if the rate comparison provided at the hearing was accurate, Ms. Anderson's monthly electricity bill could increase by as much as $450.

The Anderson Group stated that the comparative cost information provided by the applicants was at a relatively high level and did not communicate very much precise cost information. These interveners suggested that they were being asked to take on faith that they will be better off with Battle River after the transition to market-based power retailing than they would be with ATCO.

8.4 Views of ATCO

ATCO argued that approval of any multiple operator system will result in inefficiencies and duplication of effort that will ultimately result in increased costs to all customers. ATCO suggested that the introduction of a second operator in the Fenn Area would result in annual stranded costs of approximately $50,000 that must be paid by utility ratepayers.

ATCO also contested the rate impact comparison used by the REA and stated that it inaccurately reflected the rates charged by the REA and ATCO. ATCO stated that its rate comparison (Ex. 39) provided a more accurate portrayal of the rate situation.

8.5 Views of Aquila

Aquila argued that increased customer costs are a natural consequence of a multiple operator system. It stated that injuries or delays from safety events, delays or duplicated resources from operational/reliability matters, and planning/billing/load settlement inefficiencies all have cost impacts. It stated that because it is difficult to quantify such costs, they must generally be spread over a many classes of Aquila customers, but are not passed on equally to the operating REA.

8.6 Views of the Board

The Board notes that the evidence provided with respect to the general cost impacts of a multiple operator system was primarily conjectural in nature. ATCO and Aquila both argued that the very nature of a multiple operator system will give rise to extra costs but were largely unable to quantify these costs. While the Board recognizes that some additional costs due to duplication of efforts, equipment etc. are inherent in a multiple operator system, it is of the view that such costs are likely incremental and were likely contemplated by the legislature when it established the regulatory scheme which provides for the existence of multiple operators.

With respect to the concerns presented by the Anderson group about the potential increased overall energy costs associated with the proposed amalgamation between the Fenn and Battle River REA, the Board finds that there is insufficient evidence to determine the potential cost impact. The Board notes in that regard that the comparative analysis included a number of variable charges that are subject to change over time, making it difficult to assess what energy cost impact the proposed amalgamation would have for Fenn REA customers.

Based on the above, the Board is not persuaded that customer cost impact is a significant factor when assessing whether approval of the application is in the public interest.

9 DESIRED DISPOSITION

9.1 Views of Battle River REA

Battle River explained that it was incorporated in 1949. Battle River testified that prior to 1997, the REAs were wire owners and the investor owned utilities (IOUs) were the service providers. It further testified that beginning in the late 80s, operational costs and material prices began to increase and then in 1994, Aquila's predecessor, TransAlta Utilities Corporation, laid off many employees and closed many district offices. The REA said that after that it began to receive many complaints about service delays and safety issues. Battle River stated that in 1997, the master agreement between IOUs and the REAs was up for renewal and the IOUs wanted to drop some standard services from the contract that had always been there such as brushing and pole testing. The REA testified that, in addition, its system patrols began identifying code infractions and maintenance requirements that needed to be dealt with. At that time, Battle River decided to get into the business itself, and decided to operate its own distribution system.

Battle River testified that it was currently composed of 18 amalgamated REAs with three more awaiting the outcome of the present application and that its service area was not a contiguous area, therefore, it would not be strange not to have Fenn or Fort not attached to the service boundary border. It further testified that the 18 REAs that previously amalgamated are split into east and west sections and are not attached. Battle River explained that with the proposed

consolidated system, Fort would be north of the main REA in Aquila's service area, Central Community was already pretty much surrounded by Battle River, and then Fenn would be south of the main REA in ATCO's service area.

Battle River submitted that there would be positive impacts and benefits to approving its application which include service at cost, local purchasing, local hiring, money would be circulated in rural Alberta. The REA further submitted that there would be social benefits that include the fact that communication with its members would be direct and personal and Fenn members would not be faced with the potential of selling its electric distribution system. Further, Battle River stated that relationships amongst neighbours of a rural community would not be harmed by further dispute on the future of their REA.

In conclusion, Battle River submitted that the following benefits would accrue from the approval of the application:

Operational and safety benefits include:

- two sets of eyes on the ground to find outage causes,
- REAs provide the benchmarks to allow comparisons to regulated distribution systems,
- the operations of Battle River have improved installation of service times, and
- reaction time to outages has been improved.

Positive benefits to the public at large include:

- application Approval would indicate Board support of cooperative associations,
- the ability of REAs to benefit rural Alberta will be strengthened and made more effective,
- the REA supplies an additional source of information on the changing electric industry making the information available to a larger audience,
- non-profit co-ops can provide reliable utility service at a reasonable cost,
- the long and proud history of providing high quality service to rural Alberta would be continued,
- application approval upholds the democratically expressed will of the REA members,
- service and reliability can be enhanced by competition since it will lead to greater efforts of ATCO and Battle River to match the performance of the others, and
- supporting REAs in the new electrical industry protects the interests of rural consumers.

9.2 Views of AFREA

AFREA submitted that all the information provided should allow the Board to determine that the application is in the public interest and should give the Board comfort that improvements are being made to this work in progress. AFREA further submitted that the evidence indicates that Battle River's operations conform with all required legislation and proper operating standards and the record of Battle River, although not perfect, is one of safe and reliable operation and that Battle River has the capability to perform the required services.

9.3 Views of Federation of Alberta Gas Co-ops

FedGas submitted that for all the reasons it had supplied under the various issues, the application should be granted in its entirety.

9.4 Views of the Anderson Group

The Anderson group suggested that the approval of a cross border amalgamation had never before been considered by the Board and given the uncertainties associated with the application, they had little reason to believe that their lot as customers would be improved either as to cost, safety or service.

The Anderson Group stated that the Board could dispose of the application in several different ways: it could approve or deny the application, it could approve that portion of the application relating to Aquila's service area but deny the cross-border aspect of the application, or it could approve the application in total, but allow members of the Fenn REA to withdraw from the REA and sell their equity to ATCO.

The Anderson group supported the final option and suggested that this was appropriate given the low level of support for the amalgamation in the Fenn area. Should the Board exercise its discretion in the manner advocated, the Anderson Group submitted that withdrawing members should not be subject to an exit fee.

The Anderson Group also stated that it would not be opposed to the outright denial of the application or the denial of the cross-border aspect of the application, but recognized that such a disposition would be against the wishes of some members of the Fenn REA.

9.5 Views of ATCO

ATCO agreed with other parties at the proceeding that coordination and cooperation are essential to minimizing the concerns associated with having multiple operators on an integrated "patchwork quilt" system.

ATCO argued that the amalgamation proposed by the applicant was inconsistent with the overall public interest. ATCO stated that there are currently significant problems associated with the operation of multiple operator distributions systems. Such problems, ATCO posited, would be exacerbated in a cross-border situation.

ATCO argued that the Board should not consider a cross-border amalgamation until such time as the problems associated with the "patchwork quilt" two-operator system have been resolved. ATCO suggested that approval of a cross-border REA would require the REA's linemen to operate two distribution systems, each with its own equipment, policies, practices, and procedures. ATCO suggested that the REAs were not currently equipped to safely operate the system when this extra level of complexity was added.

ATCO stated that, ideally, there would only be one operator in charge within a defined service area. It conceded that the risks associated with a multiple operator system could be manageable if the necessary processes, procedures, and protocols regarding training and communication are instituted and proven to be effective. ATCO stated that the necessary agreements, protocols and practices are not currently in place and thus, the application should be denied.

9.6 Views of Aquila

Aquila stated that given the safety, reliability and cost impacts associated with the application, approval was clearly not in the public interest. It stated that Battle River's perspective on the public interest was rooted almost solely in its ambition for the organization and its membership.

Aquila suggested that it would be an error on the part of the Board if it were to determine that the public interest is served by measures designed to assist the growth ambitions of the Applicants and the Federation. It stated that the determination of the public interest with respect to the current application must be made upon the matters articulated by the Board in Decision 2003-007. Aquila argued that the evidence before the Board demonstrates that when the issues of safety, reliability, planning, load settlement, and customer costs are considered, it is clear that the public interest would best be served by denial of the application.

Aquila urged the Board to articulate the concerns associated with multiple operators and to indicate that no further expansions would occur until it can be conclusively demonstrated that those concerns had been mitigated.

10 BOARD DIRECTIONS AND FINDINGS

After carefully considering all of the evidence prepared and presented by the parties, the Board approves the change in service area boundary as it relates to the addition of Central Community and the Fort REAs. With respect to the issues of safety, reliability, planning, load settlement, and customer cost impacts, the Board is satisfied that approval of this aspect of the application is in accordance with the Province's regulatory scheme and is in the public interest.

The Board has concluded, however, that it is not prepared to approve the cross-boundary aspect of the application. In the Board's view, approval of cross-boundary service area at this time would introduce additional complexity and risk into a system that has undergone significant operational changes since 1997. Specifically, the Board finds that approval of a cross-boundary service area is not in the public interest because of the associated increase in safety and reliability risks, and the problems associated with load settlement in a cross-border setting.

The Board is of the view that until Battle River can establish that its working relationship with Aquila has been optimized and an operating agreement with ATCO is ratified, it cannot conclude that this aspect of the application is in the public interest. While the Board does not see these risks as insurmountable, it is of the view that additional experience with the existing system, including the fulfillment of the expectations described in section 5 are necessary antecedents to any future cross-border applications. The Board wishes to emphasize, however, that this decision does not preclude future applications for cross border service areas.

The Board is concerned with the apparent lack of cooperation between Battle River and Aquila and was surprised that communication between the parties, especially at the management level, was described by both parties as less than optimal. The Board is also troubled by the suggestions made by Aquila and ATCO to the effect that this lack of cooperation is not restricted to the parties at the proceeding and may in fact be a distinguishing feature of multiple operator systems in Alberta. While the Board is cognizant that this evidence was not tested by the operating REAs not in attendance at the proceeding, it suggests to the Board that further consideration of this issue by all affected parties may be appropriate in the future.

In that regard, the Board notes that Aquila proposed a number of initiatives relating to improved cooperation and coordination between IOUs and REAs. In the Board's view, some of the suggestions appear to be predicated on the belief that safety and reliability concerns are solely the responsibility of operating REAs. Nonetheless, the Board sees merit in the future consideration of REA/IOU cooperation/coordination initiatives following consultation with and input from ATCO, Aquila, the operating REAs, and other interested parties. The following list is not intended to be exhaustive, but does highlight some of the areas where the Board sees an opportunity for improvement:

- The regular preparation and filing with the EUB of safety incident reports by the joint operators of IOU/REA operated systems;
- The regular preparation and filing with the EUB of reliability/outage date by the joint operators of IOU/REA operated systems;
- The implementation of a mapping exchange and asset identification protocols process that would apply to all jointly operated systems; and
- The implementation of a planning process that would apply to all jointly operated systems.

Further, while the Board fully supports the AFREA's initiative to implement a safety and loss control program for all REAs, it strongly encourages significant participation of the IOUs in this process. In the Board's view, input from ATCO and Aquila on this program will increase its efficacy and provide a further opportunity for the IOUs and the REAs to build a better working relationship.

Dated in Calgary, Alberta on June 17, 2003.

ALBERTA ENERGY AND UTILITIES BOARD

Gordon J. Miller
Presiding Board Member

T. McGee
Board Member

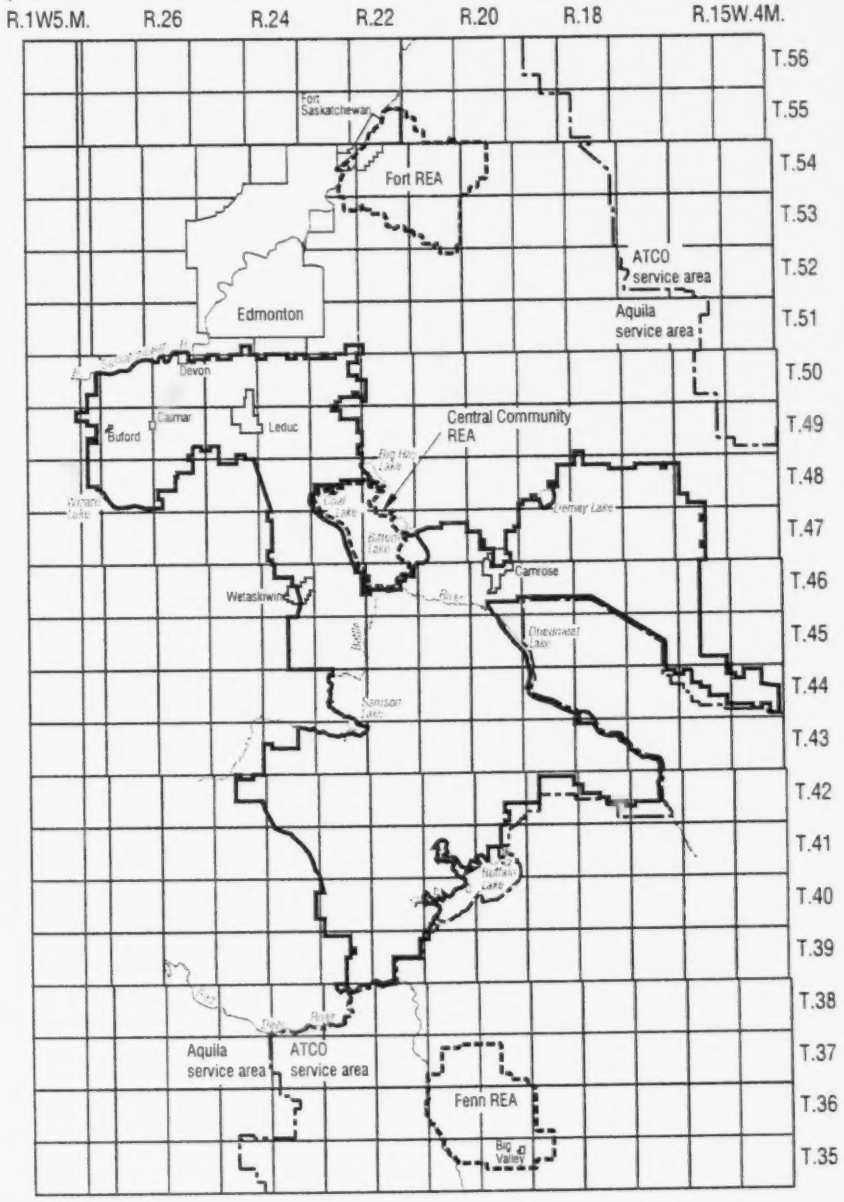
J. G. Gilmour
Acting Board Member

APPENDIX A – THOSE WHO APPEARED AT THE HEARING

Principals and Representatives	Witnesses
Battle River Rural Electrification Association K. Sisson, Q.C	C. Musselman D. Astner P.l Jarmin J. Wettstein A. G. Dahlen M. McClarty S. A. Haner M. Davies A. Reimer, P.Eng
Alberta Federation of REAs K. Sisson, Q.C	A.G. Dahlen
Federation of Alberta Gas Co-ops Ltd. T. D. Marriott	K. Dannacker, P. Eng M. A. Heck
ATCO Electric Ltd L. Keough	T. Palladino J. W. Twyman P. Eng. B. E. Howell, P. Eng.
Aquila Networks Canada (Alberta) Ltd. T. Dalgleish, Q.C.	
The Pat Anderson Group K. Wakefield, Q. C.	P. Anderson L. Reule
Alberta Municipal Affairs, Safety Services	M. Gardner
Safety Codes Council	J. Hillary
Alberta Energy and Utilities Board Staff J. P. Mousseau, Board Counsel T. Y. K. Chan, PhD., P.Eng K. Gladwyn	

FIGURE 1 – BATTLE RIVER REA, WEST PORTION

(Click here to return to Decision text where Figure 1 is referred to)



Legend

- Existing Battle River REA boundary
- Proposed expansion of Battle River REA boundary
- Aquila Networks Canada (Alberta) Ltd. and ATCO Electric Ltd. boundary

Figure 1. Battle River REA - West Portion
Application no. 1270094
Battle River Rural Electrification Association Limited

Decision 2003-048

EUB

FIGURE 2 – BATTLE RIVER REA, EAST PORTION

(Click here to return to Decision text where Figure 2 is referred to)

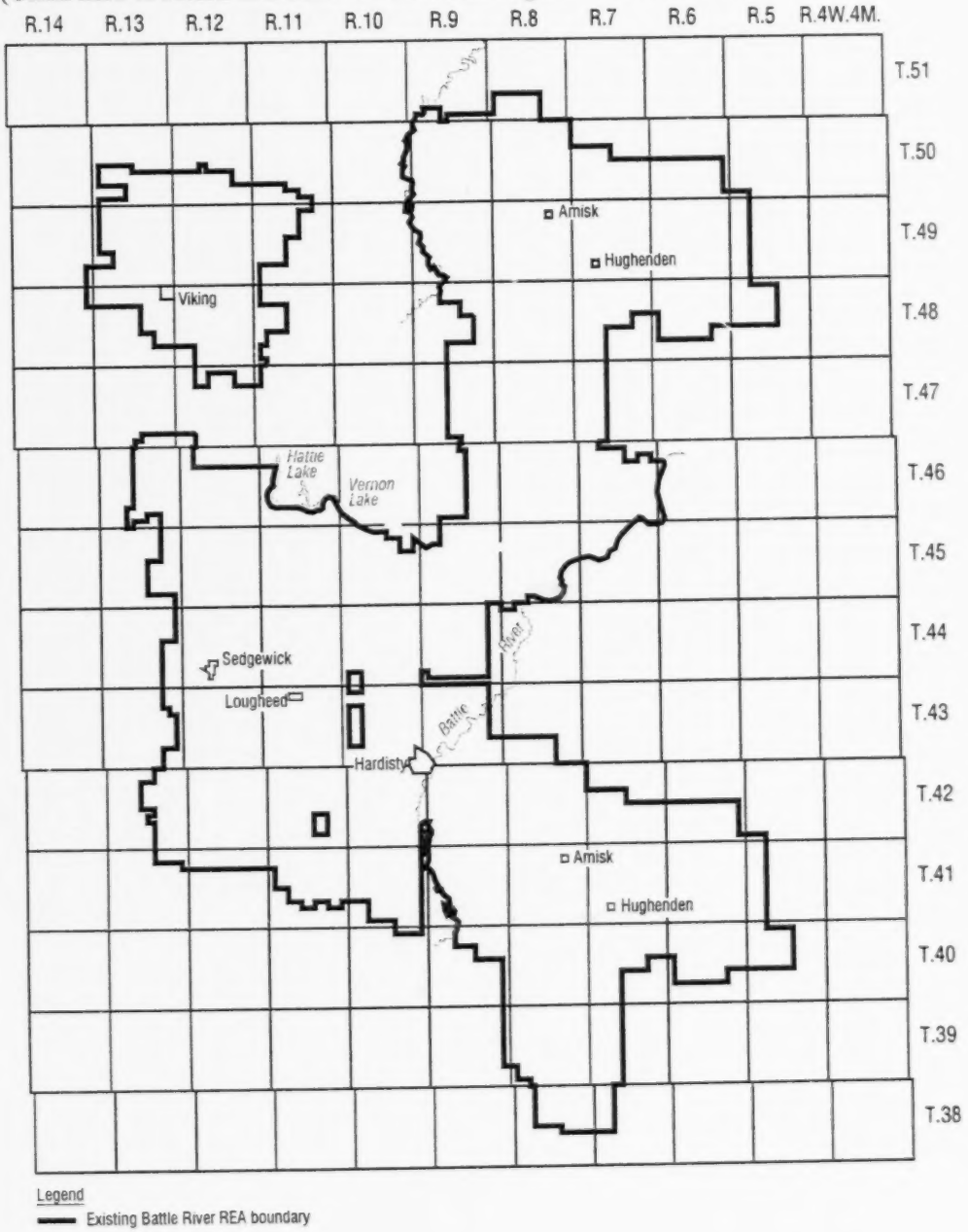


Figure 2. Battle River REA - East Portion
Application no. 1270094
Battle River Rural Electrification Association Limited

Decision 2003-048